

**STATE BOARD OF EQUALIZATION**

February 25, 1954

X-----

Your letter of January 2

Account No. X-----

Dear Mr. X-----:

In your monthly sales tax and use tax returns you have been taking a deduction of Line 11 for labor where materials have been furnished by the consumer. You have explained to us that those amounts represent charges for the stringing of tennis rackets where the customer supplies his own new frame and new gut as well as charges for labor in connection with the restringing of a tennis racket.

It appears that many leading tennis players are provided with new tennis frames and gut by sporting goods companies for tennis promotion and take them to tennis shops for the original stringing as well as for subsequent restringing and repair.

We must advise you that where the tennis player brings in the frame and gut for the original stringing of the racket the sales tax applies to your entire charge, even though you may not furnish any additional materials. It is specifically provided in Section 6006(b) of the California Sales and Use Tax Law that a sale for sales tax purposes includes the producing and fabricating of tangible personal property for a consideration for consumers who furnish materials used in the producing or fabricating (see Sales and Use Tax Ruling 15, copy enclosed). Therefore, charges for such fabrication labor should be included on Line 1 of your monthly return and not deducted therefrom.

Where the tennis player brings in a used racket which requires restringing and he also furnishes the gut which will be use, it is true that the labor charges will not be subject to the tax inasmuch as they will merely constitute exempt repair and reconditioning labor within the meaning of Ruling 26 (copy enclosed).

As you correctly indicate in your letter, the tax applies to any repair parts furnished. See also Ruling 34 (copy enclosed).

If we may be of further assistance, please advise.

Yours very truly,

W. W. Mangels
Assistant Counsel

WWM:ja

Cc: Los Angeles – Auditing